

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version: SB 52
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB052-DOR-TAX-3-21-2019
Title: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL
REG
Sponsor: MICCICHE
Requester: (S) Labor and Commerce

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2020 Appropriation Requested | Included in Governor's FY2020 Request | Out-Year Cost Estimates | | | | |
|------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|
| OPERATING EXPENDITURES | FY 2020 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | *** | *** | *** | *** | *** |
| Total | 0.0 | 0.0 | *** | *** | *** | *** | *** |

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 50.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/21

Why this fiscal note differs from previous version/comments:

Updated to include capital costs on page one

Prepared By: Brandon Spanos, Deputy Tax Director
Division: Tax Division
Approved By: Brad Ewing, Administrative Services Director
Agency: Office of Management and Budget

Phone: (907)269-6736
Date: 03/21/2019 12:00 AM
Date: 04/03/2019

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

BILL NO. SB 52

Analysis

Section 155 of the bill would extend the existing tax on wine of \$2.50/gallon to holders of a winery direct shipment license. The winery direct shipment license is a new license type that would be created by this bill. Under current statutes, direct shippers of alcoholic beverages do not have a tax filing or payment obligation--currently, the excise tax on alcoholic beverages is paid only by businesses that have a physical presence in the state.

The Tax Division has consistently collected around \$2.4m in taxes on wine over the past several years. Extending the tax to out-of-state, direct shippers of wine would have a positive effect on tax revenues. However, the Tax Division does not have data on direct shipments of wine, therefore, the change in tax revenue is indeterminate.

This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. The update would consist of reprogramming both systems, updating the return rules in TRMS and testing both systems thoroughly to verify that they function as expected. We would also need to update the current tax return forms, and update existing regulations. The estimated capital figure of \$50.0 in FY20 is to cover the costs of having our contractor update the two systems. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would cause only a small additional administrative burden on the Tax Division.